Executive Summary

The General Services Administration (GSA) proposes a lease of approximately 125,000 rentable square feet (RSF) for the Department of the Treasury – Internal Revenue Service (IRS) and Treasury Inspector General for Tax Administration (TIGTA). This action will consolidate three separate leases (two GSA leases and one delegated lease) in the Denver area.

The lease will provide continued housing for IRS and TIGTA and will improve the office and overall space utilization from 112 to 79 and 177 to 136 usable square feet (USF) per person, respectively.

Description

Occupant: IRS AND TIGTA
Current Rentable Square Feet (RSF): 212,237 (Current RSF/USF = 1.33)
Estimated Maximum RSF\(^1\): 125,000 (Proposed RSF/USF = 1.15)
Expansion/Reduction RSF: 87,237 Reduction
Current Usable Square Feet/Person: 177
Estimated Usable Square Feet/Person: 136
Expiration Dates of Current Lease(s): 05/31/2018, 01/13/2026, 03/24/2018
Proposed Maximum Leasing Authority: 20 years
Delineated Area: North: South Platte River to Park Ave. W.; East: Park Ave. W. to Broadway to 20th St. to Grant St.; South: 6th Ave.; West: Speer Blvd. to South Platte River (including the CBD of Denver)
Number of Official Parking Spaces: 44
Scoring: Operating
Current Total Annual Cost: $6,647,000 (leases effective 6/1/2008, 1/14/2016, 3/25/2008)
Estimated Rental Rate\(^2\): $41.00 / RSF
Estimated Total Annual Cost\(^3\): $5,125,000

\(^1\) The RSF/USF at the current location is approximately 1.33; however, to maximize competition a RSF/USF ratio of 1.15 is used for the estimated proposed maximum RSF as indicated in the housing plan.

\(^2\) This estimate is for fiscal year 2018 and may be escalated by 2 percent annually to the effective date of the lease to account for inflation. The proposed rental rate is fully serviced including all operating expenses, whether paid by the lessor or directly by the Government. GSA will conduct the procurement using prevailing market rental rates as a benchmark for the evaluation of competitive offers and as the basis for negotiating with offerors to ensure that lease award is made in the best interest of the Government.

\(^3\) New leases may contain an escalation clause to provide for annual changes in real estate taxes and operating costs.
Justification

To fulfill its mission, IRS requires both internal and public-facing business units. This particular location comprises five business units, including Criminal Investigations (CI), General Office/Services (GO), Service Center (SC), Taxpayer Assistance Center (TAC), and Taxpayer Advocate Service (TAS). TAC and TAS are public-facing business units that require the support of GO and SC. CI also provides support to the other business units. In order for these business units to perform effectively, they should be co-located to share services and support operations.

TIGTA should also be co-located with IRS. The main function to be housed in this space is the Office of Investigation (OI), which is a law enforcement operation. This co-location is necessary because this TIGTA office is a first responder to IRS in the event of a security breach or threat to an IRS employee. TIGTA provides employee protection against assaults and threats by taxpayers, employee workplace violence, and biological threats, as well as providing armed escorts.

Summary of Energy Compliance

GSA will incorporate energy efficiency requirements into the Request for Lease Proposals and other documents related to the procurement of space based on the approved prospectus. GSA encourages offerors to exceed minimum requirements set forth in the procurement and to achieve an Energy Star performance rating of 75 or higher.

Resolutions of Approval

Resolutions adopted by the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works approving this prospectus will constitute approval to make appropriations to lease space in a facility that will yield the required rentable area.

Interim Leasing

GSA will execute such interim leasing actions as are necessary to ensure continued housing of the tenant agency prior to the effective date of the new lease. It is in the best interest of the Government to avert the financial risk of holdover tenancy.

Certification of Need
The proposed project is the best solution to meet a validated Government need.

Submitted at Washington, DC, on November 30, 2017

Recommended: [Signature]

Commissioner, Public Buildings Service

Approved: [Signature]

Acting Administrator, General Services Administration